PARTIAL TRANSCRIPTION - ORIGINAL FOLLOWS

FRG Ambassador to France Blankenhorn called on General Norstad July 18. Visit was at Blankenhorn's initiative, allegedly motivated solely by his personal desire obtain Norstad's views on various subjects before proceeding to Bonn for meeting of German ambassadors toward end of week. However, Norstad believes Blankenhorn, who has had reputation of being close to Adenauer, may have made call on instructions for purpose conveying certain FRG views to Norstad. Highlights of nearly two hours' conversation reported below may be of interest in assessing current FRG positions:

1. <u>Berlin:</u> Blankenhorn said FRG accepts as virtually inevitable that Soviets will sign peace treaty with East Germany. Signature may take place earlier than anticipated, perhaps in October. Blankenhorn assumed transfer of rights over access would occur simultaneously

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with signature, although he thought it conceivable this would be separate action. Following peace treaty, Soviets would follow policy of "push, squeeze and play by ear" to harass Wast.

Blankenhorn appeared deeply concerned over dangers of war involved in Berlin situation. He hoped "great men" in West understood over-all situation and what is possible and not possible in circumstances. He thought that people in FRG, with memories of World War II devastation fresh in their minds, might well be inclined hesitate before prospect of war over Berlin. On other hand, Blankenhorn was concerned at apparent disunity of West, contradictory speculations appearing in press, etc., which presented picture of confused reaction to Berlin threat rather than calmness and coolness which situation demanded.

Blankenhorn emphasized his own view that negotiations must take place with Soviets concerning Berlin. While negotiations should be in framework all-German problem, he thought there were some concessions which might be

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made in Berlin. In subject of concessions, he was not specific other than to mention limitation of propaganda and intelligence activities and de-emphasis of Berlin as "capital" of FRG. He did not rule out acceptance Oder-Niesse line if it could be worked into package of mutual concessions and if timing were right. In contacts with GDE, Elankenhorn envisaged broadening base of tuchnical cooperation between FRG and GPR to point where it would become clear, without formal acknowledgment, that there existed de facto recognition of GDR.

FRG would accept concessions on Ferlin, he said these would have to be proposed by Western allies. FRG itself cannot take initiative toward concessions, since this would cause allies and other powers to think FRG "soft".

While perturbed at dangers of conflict, Blankenhorn agreed that it was necessary for allies to take certain actions to create atmosphere of strength and resolution. At same time, however, allies should study situation carefully to determine if, in their view, there is acceptable

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basis for negotiations. If so, proposals should be put forward without too much delay. Blankenhorn commented that proposals would be feasible only if submitted before peace treaty is signed; to propose negotiations after treaty would be admission of defeat.

If decision is against negotiations, then West should prepare seriously for war.

General Morstad was struck by Blankenhorn's emphasis on need for negotiations over Berlin and Blankenhorn's view that IRG would not be rigid regarding possible concessions on Berlin if proposed by allies.

evaluation of military strength of France in Europe; in case of showdown on Berlin, would france's contribution be effective? Norstad stated two French divisions in Germany represent about one and one-half divisions in actual strength but could be brought up to full strength quite rapidly. Re 11th Division being returned from Algeria, it is too soon to evaluate effectiveness, since

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division is new one made up of bits and pieces. In air defense, France is relatively strong and makes important contribution. Summarizing, Norstad thought present French army strength in Europe was not rpt not very significant, whereas her contribution in air force is somewhat better.

Blankenhorn noted French attitude on Berlin currently very firm. However, he sensed French public is unaware of gravity of situation and feared that, in showdown, de Gaulle's position might soften if he considered people were not rpt not with him. Norstad indicated he felt de Gaulle firmly committed to present policy and would not rpt not be in character for him to back down in crisis.

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